

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
GEPS 3 (MC2010-28)
Negotiated Service Agreements

Docket No. CP2017-124

ORDER APPROVING MODIFICATION TWO TO
GEPS 3 NEGOTIATED SERVICE AGREEMENT AND DENYING AS MOOT MOTION
FOR TEMPORARY RELIEF

(Issued March 28, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 3 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification Two to Global Expedited Package Services 3 Negotiated Service Agreement, March 26, 2018 (Notice). The modification is an attachment to the Notice (Modification). See *also* Motion of the United States Postal Service for Temporary Relief Concerning Global Expedited Package Services 3 Negotiated Service Agreement, March 22, 2018 (Motion).

In Order No. 3800, the Commission approved the Global Expedited Package Services 3 negotiated service agreement (Existing Agreement).² On March 22, 2018, the Postal Service filed a motion for temporary relief seeking to extend the Existing Agreement. See Motion at 1-2. On March 26, 2018, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement implementing the requested extension.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire March 31, 2018.³ The Modification revises the expiration date of the contract to be contingent upon the date the Commission completes its review of a successor agreement filed in Docket No. CP2018-185. Notice at 1. The Modification also updates the customer's contact information. *Id.* at 2.

² Order Approving Additional Global Expedited Package Services 3 Negotiated Service Agreement, February 23, 2017 (Order No. 3800). The contract was later modified. See Order Approving Modification One to GEPS 3 Negotiated Service Agreement, February 14, 2018 (Order No. 4408).

³ See Order No. 3800 at 7 (setting original expiration date as February 28, 2018); Order No. 4408 at 3 (revising expiration date to March 31, 2018).

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire March 31, 2018, if the Commission completes its review of the successor agreement filed in Docket No. CP2018-185 by March 30, 2018. *Id.* at 1. Otherwise, the Existing Agreement, as modified, will expire April 30, 2018, or one business day after the Commission completes its review of the successor agreement, whichever occurs earlier. *Id.*

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified. Accordingly, the Motion is denied as moot.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Expedited Package Services 3 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, as discussed in the body of this order.

3. The Postal Service's Motion is denied as moot.

By the Commission.

Stacy L. Ruble
Secretary